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### 3 AMERICAN AGRICULTURE TODAY

As American agriculture reached mid-century, the Nation's farms were producing about 75 percent more food and fiber than in 1910, and about 40 percent more than the 1935-39 average -- even though 8 percent fewer persons were working in agriculture than before World War Two.

In eight of the ten years, 1940-49, farm production of crops and livestock either set a new record or equaled the existing record. Farm production in 1949 equaled the all-time high reached in 1948.

While farm production increased 40 percent over the 1935-39 average, U. S. population has increased about 15 percent since 1935. During and shortly after the war, this larger production made possible greater per capita consumption at home and heavy agricultural shipments abroad. In 1946, U. S. civilians consumed 19 percent more food per person than in 1935-39. Since 1946, however, consumption has fallen off, and last year was only 11 percent above prewar. In the latter half of 1949, agricultural exports also declined.

#### Agriculture's Most Prosperous Decade

The 1940-49 decade was the most prosperous in the Nation's agricultural history. Net income of farm operators rose every year from 1940 through 1947, reaching a high of 17.8 billion dollars. In 1948, however, operators' net income fell to 16.7 billions (6 percent below 1947) and last year to 13.8 billions (22 percent below 1947). This was still 188 percent above prewar.

Prices received by farmers rose throughout the decade until they reached their high point in January 1948. From January 1948 to January 1950, however, prices received by farmers fell 23 percent. Meanwhile, prices paid by farmers declined only 5 percent.

Continued high production, coupled with declining consumption and prices, has been reflected in a growing accumulation of farm commodities held by Commodity Credit Corporation. CCC accumulations of corn, wheat, and most other commodities, however, are not burdensome in relation to the Nation's requirements for ample reserves; only cotton holdings are considerably in excess of a normal supply.

#### Farm Programs Important

The relatively strong position of agriculture in 1950, nearly five years after the end of the shooting phase of World War Two, is due in part to the

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national farm programs. Price supports have helped prevent anything like the disastrous collapse of farm prices that occurred after World War One, when farm prices fell 50 percent from June 1920 to April 1921.

Research, electrification, credit, and conservation programs have also played an important role in increasing farm productivity and improving the economic position and security of the nearly 6 million families now living on farms. Eighty-five percent of the Nation's farms now are electrified. Nearly one and a quarter billion acres are covered in the approximately 2,250 soil conservation districts which draw upon technical help of the Soil Conservation Service and other Department facilities. About 50 percent of all farms cooperated in the Agricultural Conservation Program of 1949. Agricultural credit extended by cooperative lending agencies under Farm Credit Administration supervision, outstanding on December 31, 1949, amounted to \$1,712,074,162, and \$589,345,835 of Farmers Home Administration loans are now outstanding. Farmers, as of January 1, 1950, held assets valued at about \$123 billion, as against total agricultural debts of about \$12 billion.

#### Need for Adjustment

While the decade has been prosperous for farmers, and the Nation's agriculture is productive and strong, recent trends of prices and income indicate agriculture's need to adjust to changing conditions. During the depression, the war, and the early postwar periods, American agriculture demonstrated a high degree of flexibility with the aid of effective national programs. Once again, agriculture's ability to make changes seems about to be tested, as marketing quotas and acreage allotments are being employed to shift production on approximately 28 million acres.

The principal problem confronting our agriculture at mid-century is how to maintain a satisfactory balance of production with demand, of farm prices with nonfarm prices, of farm income with national income.

#### PRODUCTION

Total output of crops in 1949 exceeded that of any other year except 1948. There was uniformly large production of most crops, with only a few outstandingly larger or smaller than usual. Record production was attained by rice, dry beans, and pears. The corn crop of 3,378 million bushels was a near-record. For most crops, yields per acre were above average, but wheat, flaxseed, and dry peas were exceptions.

Production of meat was 34 percent greater than in the prewar years, and was 1 percent larger than in 1948. Egg production was 2 percent larger than in 1948 and 55 percent above prewar. Milk production was 3 percent above 1948, 15 percent above prewar.

The following table shows production of selected commodities, comparing 1949 with 1948 and with the 5-year prewar average:

Commodity	1935-39 avg.	1948	1949
Wheat (bu.)	758,629,000	1,313,534,000	1,146,463,000
Corn, all (bu.)	2,315,554,000	3,681,793,000	3,377,790,000
Tobacco (lbs.)	1,460,021,000	1,981,272,000	1,970,376,000
Cotton (bales)	13,149,000	14,877,000	16,127,000
Milk (million lbs.)	103,624	115,527	119,136
Hogs (1,000 lbs.)	13,521,197	18,739,227	20,375,991
Beef (1,000 lbs.)	14,211,642	18,370,760	19,410,068
Chickens (1,000 lbs.)	2,257,597	3,434,206	4,263,916
Eggs (millions)	36,381	55,158	56,382

Total food production for sale and home consumption rose rapidly from 1935 until 1944 and has since continued at about the same high level.

The following table shows index numbers of food production alone (using 1935-39 as 100) from 1935 through 1950:

1935 -- 93	1943 -- 134
1936 -- 97	1944 -- 140
1937 -- 101	1945 -- 139
1938 -- 103	1946 -- 140
1939 -- 106	1947 -- 140
1940 -- 111	1948 -- 134
1941 -- 115	1949 -- 138
1942 -- 126	1950 -- 139 (preliminary)

#### CIVILIAN CONSUMPTION

U. S. per capita food consumption in 1949 remained about the same as in 1948 and exceeded the 1935-39 average by about 11 percent. This was considerably lower than the record set in 1946, when per capita consumption exceeded the prewar average by 19 percent. One factor in this declining per capita consumption since 1946 is undoubtedly the additional competition for the consumer's dollar that food now faces. During and just after the war, many industrial products were in short supply, and consumers have since been attempting to satisfy their postponed demands for these products.

Consumers spent about 27 percent of their disposable income for food in 1949, compared with 23 percent before the war. But they ate more and better food in 1949; it would have taken only 19 percent of their 1949 income to buy the amounts and kinds of food consumed prewar.

The following table shows how food consumption in 1949 compared with 1946 and with the prewar average for major foods:



U. S. Per Capita Consumption of Major Foods  
(primary distribution weights)

<u>Commodity</u>	<u>1935-39</u> <u>average</u> (lbs.)	<u>1946</u> (lbs.)	<u>1949</u> (lbs.)
Meats, carcass weight	126.2	153.4	146.0
Eggs	37.3	46.8	48.8
Milk, total, whole milk equivalent	801	813	750
Fats and oils (incl. butter), fat content	44.7	39.7	43.9
Citrus fruits, fresh	48.9	58.7	42.5
Vegetables, fresh	235	272	251
Wheat flour	153	154	135

FARM PRICES

Farm prices reached their postwar peak in January 1948, 186 percent above the 1935-39 average. By January 1950 the average price of farm products had fallen about 23 percent. By May 1950 farm prices had risen about 5 percent over their January level. Feed grains in mid-January were down 51 percent from the postwar peak and food grains had fallen 32 percent. Meat animals had declined 28 percent and dairy products 20 percent.

In June 1949 average farm prices fell below the parity level for the first time in seven years. The average for the year, however, equaled parity. The index of all farm prices for 1949 was 13 percent below 1948, but 133 percent above the 1935-39 average and 283 percent above the depression low of 1932.

Average Farm Prices of Major Commodities

	<u>1932</u>	<u>1939</u> (Dollars)	<u>1948</u>	<u>1949</u>
Hogs (per cwt.)	3.34	6.23	23.10	18.10
Cattle (per cwt.)	4.25	7.14	22.20	19.80
Calves (per cwt.)	4.95	8.40	24.40	22.70
Corn (per bu.)	.292	.542	1.29	1.20
Milk (per cwt.) <sup>1/</sup>	1.24	1.59	4.67	3.83
Eggs (per doz.)	.142	.174	.472	.451
Chickens (per lb.)	.118	.135	.306	.257
Broilers (per lb.)	--	.170	.359	.281
Wheat (per bu.)	.375	.686	1.99	1.86
Cotton (per lb.)	.0652	.0909	.3038	.2810
Tobacco (per lb.)	.105	.154	.482	.463

<sup>1/</sup> Computed from the value of milk, cream, and farm butter sold, divided by the quantity of milk or butterfat used in the preparation of these products for market.



### FARM INCOME

Net income of farm operators from agriculture declined in 1948 for the first time in ten years, and the decline continued in 1949. Purchasing power for items needed in farm family living, in terms of 1947 dollars, declined two billion dollars in 1948, another two billions in 1949, and may go down still another two billions in 1950. While net income of farm operators dropped 22 percent between 1947 and 1949, average incomes of nonfarm people rose about 8 percent.

Nevertheless, net income of farm operators in 1949 was still three times as great as in 1939, and seven and one-half times the 1932 figure.

#### Realized Net Income of Farm Operators

1932 -- \$ 1,832,000,000	1947 -- \$17,794,000,000
1939 -- 4,459,000,000	1948 -- 16,743,000,000
1944 -- 12,519,000,000	1949 -- 13,812,000,000

### THE BALANCE SHEET

In 1950 the assets of agriculture were valued at about 123 billion dollars, compared with 127 billion the preceding January. Farmers held more than 21 billion dollars in liquid assets, consisting of currency and deposits, savings bonds, and investments in cooperatives.

Farmers reduced farm mortgage debt from 6.6 billions in January 1940 to a low of 4.7 billions in 1946. The farm mortgage debt has since risen to 5.4 billions on January 1, 1950. Farmers, wisely, have not duplicated the pattern of post-World-War-One when mortgage debt rose from 5.8 billion dollars in January 1917 to a peak of 10.8 billions in 1923. Despite the recent increase, farm mortgage debt is still 17 percent less than it was in 1940.

Total agricultural debt as of January 1, 1950, amounted to 12 billion dollars, or 10 percent of total agricultural assets.

### FARMERS AID IN WORLD RECOVERY

The continuing high volume of agricultural production in the United States has been an important element in world efforts toward postwar reconstruction and rehabilitation. In the year ending June 30, 1949, the United States exported over 22.1 million tons of food -- about 15 percent more than in the preceding year and well over five times the 1935-39 average.

This was the fourth consecutive year in which a new record high has been established in food exports from this country.

Financial gifts and loans by the United States Government to foreign nations have contributed significantly to supporting the record large volume

of food exports from this country. In the fiscal year that ended June 30, 1949, from 55 to 60 percent of food exports from the United States were financed by gifts and loans.

On the basis of data available for the first nine months, it is expected that food exports for the fiscal year ending June 30, 1950, will be lower than in fiscal 1949.

Summary of Food Exports from the United States,  
by Major Food Groups, Average 1935-39 and Fiscal  
Years 1945-46, 1946-47, 1947-48, and 1948-49

Period	Wheat & : Other :	Rice :	Fats :	Meats :	Dairy :	Other :	Total
	wheat :grains : (milled) : and : (carcass : (product : foods : food						
	:products:(grain :equiv.): : oils : equiv.): weight): : exports						
	: (grain :equiv.): : : : : : :						
	:equiv.): : : : : : :						
	(1,000 long tons)						
Average:							
1935-39	1,366	1,335	83	87	55	17	1,280 4,223
1945-46	10,520	1,308	349	315	614	792	3,501 17,399
1946-47	10,670	4,165	384	227	181	494	3,052 19,173
1947-48	13,013	2,231	407	251	68	459	2,912 19,341
1948-49	13,430	4,265	407	397	33	382	3,193 22,107

Of the 22.1 million tons of food exported in the year ending June 30, 1949, 14.0 million tons went to Europe, 4.3 million tons to the Far East, 2.0 million tons to Latin America, and 1.8 million to other parts of the world. About four-fifths of the total consisted of grain and grain products.

United States Furnished Half of World Grain Exports Last Year

In prewar 1934-38 the amount of grain moving in international trade averaged 28,248,400 long tons. Of this, 7.4 percent came from the United States. In the year ending June 30, 1949, total world grain exports amounted to 36,686,000 long tons, but 48.0 percent came from the United States.

Nonfood Exports

Cotton: For a century and a half the United States has been the world's largest exporter of cotton and until the 1930's normally shipped over half its crop abroad. Foreign production and exports increased rapidly after 1932, and United States exports declined. Despite a downward trend in production and an upward trend in domestic consumption, stocks reached huge proportions in the late 'thirties. During World War Two, foreign markets for United States cotton virtually disappeared, our annual exports falling to between one and two million bales.

With the ending of the war, world need for cotton textiles was acute. Our cotton exports increased and accumulated domestic stocks were moved. With large



cotton crops the last two years exceeding disappearance, however, it is expected that stocks will again be moderately large in 1950.

Tobacco: In the early years of World War Two, United States tobacco exports also dropped sharply. By 1946, however, they had more than recovered. Since 1946, shipments have fallen again because of lack of dollar exchange abroad, particularly in the United Kingdom, which took one-half of our prewar tobacco exports. In the year ending June 30, 1949, the United States exported over 451 million pounds.

#### World Food Situation Improved

The world food situation continued to improve during the 1949-50 season. Although production of major crops in 1949 was slightly smaller than a year earlier, production of major food products was two percent above the prewar level.

World population is estimated to be about 10 percent above prewar, so that per capita food production is somewhat below prewar. However, through more careful utilization of foods, high extraction rates for cereals, and increased use of cereals, potatoes, and other products for food, rather than as feed for livestock, world food supplies have been expanded appreciably during the past two years.

The main problem now is not so much one of producing sufficient supplies but of expanding trade. With the increased production in deficit areas, the movement of food products in world trade declined during the 1949-50 season, and some countries have reported difficulty in disposing of their exportable supplies without substantial price concessions.

Efforts to facilitate and increase the flow of world trade on a permanent, long-term basis are being made through the Food and Agriculture Organization of the United Nations, the Export-Import Bank, the International Wheat Agreement, and the program of technical agricultural collaboration which this country has carried on with Latin American nations since 1939. The practicability of extending this kind of collaboration, not only for agriculture but for industry, to the free peoples of the world, in order to help them increase production, better their living standards and raise their purchasing power, is under consideration by the Congress.

The International Wheat Agreement, as approved by the Senate in June 1949, provided a guaranteed annual market for 168 million bushels of U. S. wheat for a four-year period at minimum base prices ranging from \$1.50 per bushel the first year to \$1.20 in the fourth year. The maximum base price for all four years was fixed at \$1.80 per bushel. The U. S. equivalent to this base currently is \$1.95, bulk basis, f.o.b. vessel, at East Coast ports.

In recent months, Germany has become a party to the agreement, with guaranteed purchases of approximately 66 million bushels, annually, which will increase the sales quota for the United States. Japan also has applied for accession to the Agreement.

## FARM PROGRAMS

The national farm programs have been extremely important to American farmers throughout the decades of the 'thirties and the 'forties. Through these programs agriculture has been helped to increase production, step up efficiency and lower costs, and bring output into better balance with demand and needs.

### Price Supports

Price support legislation enacted early in the war expanded the protection which had already been given farmers during the 'thirties. This wartime legislation applied to the "basic" commodities -- corn, cotton, wheat, rice, tobacco, and peanuts for nuts -- and also to the so-called Steagall commodities, for which wartime expansion was officially requested -- soybeans, dry beans, dry peas, flaxseed for oil, potatoes, sweetpotatoes, American-Egyptian cotton, hogs, eggs, chickens, turkeys, milk, and butterfat. For all other commodities, Congress directed that a fair parity relationship be maintained to the extent possible with funds available.

The expanded price support legislation at the 90-percent-of-parity level was extended for at least two years after the end of the war so as to prevent a repetition of the crash of 1920-21 which followed World War One. Prices of farm products in 1920 reached 235 percent of the 1910-14 average. A year later they had dropped to less than half that level -- to 115 percent of the 1910-14 average. The national average price of cotton fell from 38.5 cents a pound to 9.5 cents, wheat from \$2.56 a bushel to 93 cents, corn from \$1.85 a bushel to 42 cents -- all within little more than a year.

Farm prices reached their peak after World War Two in January 1948. From that time to June 15, 1950, they have declined nearly 20 percent. After June 1920, when there was no price support program, farm prices fell 50 percent in ten months -- an average of five percent per month.

The Agricultural Act of 1948 extended wartime price support legislation, with certain modifications, through the calendar year 1949 with respect to Steagall commodities, and to June 30, 1950, with respect to basic commodities. Thereafter, it provided, in Title II, that mandatory support was to be available only on the so-called basic commodities plus potatoes and wool, and a sliding scale of support was to go into effect (with level of support to be reduced as commodity supplies increased).

Before the time for these latter provisions (Title II) to go into effect, they were replaced by the Agricultural Act of 1949. Compared with Title II, it raised the support standard and made support mandatory for additional important crops (particularly milk and butterfat). The principle of the sliding scale was retained, but the minimum levels were increased and the effective date for applying the scale was deferred.

### CCC Holdings

As of March 31, 1950, the Commodity Credit Corporation had invested over four billion dollars in loans and purchases to support sagging farm prices. About half of this investment, 2.2 billion dollars, consisted of loans, with



storable commodities held as security but with title to the commodities still in farmers' possession. (46 percent of the total investment was in wheat, cotton, corn, and tobacco.)

Commodities owned by CCC totaled 1.8 billion dollars. (31 percent of the total investment consisted of wheat, cotton, and corn.)

It is important to note that these holdings of storable products are not "farm surpluses." The Nation needs adequate reserves to protect against short crops or crop failures.

<u>Estimated Desirable Reserves</u>		<u>CCC inventories and commodities put up as collateral for CCC loans, as of March 31, 1950</u>
Corn	750 to 1,000 million bushels	991 million bushels
Wheat	350 to 500 million bushels	448 million bushels
Cotton	4 to 5 million bales	5.9 million bales <sup>1/</sup>

<sup>1/</sup> Only cotton stocks, therefore, exceed desirable reserves now. Continued excess production of other commodities, however, would create surpluses. The problem is not merely disposal of surpluses but one of production adjustments.

CCC holdings as of March 31, 1950, also included 83 million pounds of dried eggs, 87 million pounds of butter and 305 million pounds of dried milk, and 21 million pounds of cheese. Only a small increase in per capita consumption would have been needed to have used up these commodities.

Thus, CCC holdings of dried eggs, when converted to the equivalent in shell eggs, would provide about a dozen and a half eggs per person. CCC holdings of butter amount to about 9 ounces per person, while cheese held by the CCC amounts to about 2 ounces per person.

The present method of supporting these commodities (by purchases) keeps the market price at a higher than supply-and-demand level and thereby decreases consumption. The need for a different method of supporting nonstorable commodities is demonstrated by the potato situation. Since the end of the war, CCC has purchased nearly half a billion dollars worth of potatoes to keep the price at the support level. Many of these potatoes have had to be diverted to uneconomic uses. Consumers, meanwhile, have paid a double cost -- the cost of the Government potato purchases and an artificially high market price for the potatoes they consumed.

#### Conservation of Natural Resources

Soil and water conservation on farms is encouraged and carried on in three ways: Through education (under Federal-State agricultural extension work), through technical assistance and service to farmers (under the Soil Conservation Service), and through incentive payments to farmers who use recommended conservation practices (under the Agricultural Conservation Program of the Production and Marketing Administration).

The Soil Conservation Service works through farmer-organized and farmer-managed soil conservation districts formed under State laws and managed by locally elected farmer supervisors or directors. Since the first soil conservation districts were voted in 1937, approximately 2,250 have been organized in the 48 States and the four Territories. They include nearly 75 percent of the country's farm land and more than three-fourths of all the farms and ranches in the country.

When farmers apply to their districts for such assistance, technicians from the Soil Conservation Service work out detailed and complete conservation plans with these farmers, mapping out, acre by acre, the cropping, pasture, woodland, or other use to which land can safely be put. Technical assistance then is given in putting the planned conservation measures onto the land. These may include terraces, drainage or irrigation ditches, contour strips, ponds, or other structures or operations which require a high degree of technical skill or heavy machinery. The farmers pay all labor, materials, and machinery costs, or three times as much, on the average, as the cost of the technical assistance provided by the Federal Government.

To January 1, 1950, conservation farm plans prepared in districts alone totaled approximately 800,000. These plans covered about 220 million acres of farm and ranch land, of which more than 112 million acres had been treated with the planned conservation practices. Many additional millions of acres had been planned and treated under other programs with which the Soil Conservation Service has assisted, and detailed conservation surveys had been made on 322 million acres

Incentive payments to farmers under the ACP program, administered by the Production and Marketing Administration, not only recognize the tremendous stake which the Nation has in conserving its soil, but they also make possible immediate application of certain conservation practices on a Nation-wide basis. This results in application of some individual conservation practices much faster and over a wider area than would be accomplished by education and technical assistance alone. Many farmers, especially tenant farmers, cannot afford to carry the full cost of these conservation practices.

The ACP program is administered locally by elected farmer-committeemen, still known in many areas as AAA committeemen.

The 1948 program, the latest for which complete figures are available, was carried out on 2,296,056 farms, including 598 million acres, or 49 percent of the Nation's cropland. Among the important practices carried out in 1948 were:

<u>Practice</u>	<u>Extent of application</u>
Ground limestone for conservation uses	22 million tons; 11 million acres
Superphosphate for conservation uses	2,355,331 tons; 17,343,116 acres
Field strip cropping for erosion control	6,231,628 acres
Artificial seeding permanent pastures and range	3,538,076 acres
Green manure and cover crops	14,086,622 acres
Contour farming intertilled crops for erosion control	2,368,038 acres
Protecting summer fallow for erosion control	11,274,989 acres
Construction of terraces for erosion control	60,000 miles; 1.3 million acres
Open ditch drainage	52,832,987 cu. yds. earth moved on 2,774,335 acres
Leveling land for irrigation to conserve water	405,078 acres leveled
Earthen dams for livestock water	36,003; serving 6,554,302 acres



In addition to these conservation practices, there are a number which, while not as extensively used nationally, are very important in particular States or areas, such as: Establishment of permanent cover on severely eroded areas, irrigation system remodeling to prevent erosion and conserve water, contour farming for close-grown crops, maintaining and improving stands of trees, and deferred grazing on range land.

The Government paid less than 50 percent of the out-of-pocket cost of these practices. The farmers paid the rest and furnished the labor.

Through education, technical assistance, and incentive payments much progress in soil and water conservation has been achieved on American farms since 1935. The Nation has slowed, but not yet reversed, the tide of loss of soil resources. There is much to be done.

Although one-third of the land of the United States is in forests, supplies of saw timber are being drained today at a rate one and a half times the rate of growth. Through cooperation between the Federal Government, the States, and private owners, forest growth sufficient to meet the Nation's needs can be built up. But in timber resources as in soil resources, the balance between renewal and use has not yet been achieved.

Conservation is but one of many ways in which the Nation's agriculture seeks to assure productivity even against the hazards of unfavorable weather. Mechanization and electrification now enable farmers to take advantage of a break in the weather to put in crops quickly. Drought resistance and disease resistance are bred into improved seed varieties. Loans are available to help farmers keep operating after they have been stricken by such disasters as floods and hurricanes.

With the reserves now on hand and the programs and experience of past and present to draw upon, the Nation is better prepared to face the uncertainties of weather than ever before in our history.

In the Missouri Basin, a great program of land and water development, directed at flood control, irrigation and the conservation of our soil resources, is underway. When finally completed, the Missouri Basin program is expected to be a source of protection against drought and flood for the agriculture of several States. The recurrence of dust storms on the Great Plains is but one indication of the Nation's need for further conservation endeavors.

#### Farm Credit

In recent years, farmers have strengthened their cooperative credit system, which is supervised by the Farm Credit Administration.

The Federal Land Banks, established in 1917 to extend long-term credit to farmers, operate on cooperative principles. The Government capital furnished to help operate the 12 Federal Land Banks has been gradually retired and the Banks are now completely farmer-owned.

Federal Land Banks at the end of 1949 had a capital of \$57,885,528, with outstanding loans of \$899,475,022 to 305,545 farmers. The 13 Banks for Cooperatives, also supervised by the Farm Credit Administration, last year made 1,214 commitments for loans to farm cooperatives totaling \$382,617,211.

Historically, one of the most difficult problems American agriculture has faced has been the problem of obtaining adequate short-term credit at reasonable rates of interest. The Production Credit Associations were started in 1933 to serve this purpose. They, too, are based on cooperative principles and are supervised by the Farm Credit Administration. In 1949 more than 500 associations in the Nation made 287,443 loans to farmers totaling \$955,930,424. Like the older Land Banks, the associations are making rapid strides in retiring the Government capital which was used to start them.

The 12 Federal intermediate credit banks, operating since 1933, assist through loans and discount operations such financing institutions as production credit associations, agricultural credit corporations, livestock loan companies, banks for cooperatives, and commercial banks. In 1949 these loans and discounts totaled 1.6 billion dollars.

#### Farmers Home Administration -- Aid to Small Farmers

Approximately 1,993,330 family-type farmers have been helped to better farming opportunities, greater production and more satisfactory farm living through the supervised credit programs of the Farmers Home Administration. As of March 31, 1950, about \$2,409,642,581 had been loaned for farm and home operating needs and for purchase, enlargement, and development of farms, to families unable to obtain adequate credit elsewhere.

Much of this money was loaned in depression years at a time when repayment was abnormally difficult; but businesslike administration and close cooperation between farm families and the lending agency have already returned \$1,743,518,469 to the Treasury.

In addition to the many farmers enabled by supervised credit to continue as farm operators, some 63,629 families have become owners of their family-type farms through direct farm ownership loans that may run for a 40-year period. Over 36 percent of these loans have already been paid off in full. Other farmers are now purchasing their farms through the insured farm mortgage program in which credit is furnished by banks, insurance companies, and other private lenders with repayment insured through Farmers Home Administration. Over \$17,161,879 in private capital had been so invested up to March 31, 1950.

The Nation's farmers have also borrowed \$12,038,989 through Farmers Home Administration to install needed irrigation and water facilities.

Through various types of loans, FHA is helping thousands of farm families -- mostly veterans -- get started on new farms opened by reclamation in various areas.

Two new programs have been added through Farmers Home Administration during the past year: the farm housing loan and the disaster loan. Approximately 15,546 applications for farm housing loans have been received, a large proportion of them from veterans. Disaster loans have been made available to allow flood-stricken farmers to continue operating. About 22,717 of these loans have been made, involving a total of about \$30,603,430.

The increased farm income which these various loan activities have made possible benefits the entire Nation. It helps business, the professions, and labor. It provides more and better employment, and larger sales and profits. It makes for more secure and progressive communities.



## Crop Insurance

The period of greatest risk on the food and fiber production line from farmer to consumer is the period when the crop is growing under the open sky and is subject to many hazards beyond the farmer's control.

Federal crop insurance, providing farmers an opportunity to protect their crop investment, was first offered in 1939 to the wheat growers of the Nation. In 1942 it was extended to cotton. Because of excessive losses, the program was liquidated at the end of the 1943 crop year, but it was reinstated for 1945 crops, with insurance available for wheat, cotton, and flax, and on an experimental basis for corn and tobacco. During the next two years, losses on cotton were severe, and it was decided to restrict the entire program until it could be developed on a sounder basis.

Crop insurance prospects are now the brightest of recent years. During the experimental period, the Federal Crop Insurance Corporation has improved its actuarial data and obtained more information on crop production and risks in general areas. This experience has provided a sounder basis for crop investment protection under which premiums paid by farmers are expected, over a period of years, to balance with losses paid to farmers who suffer crop catastrophes through no fault of their own.

At present there are 622 county programs providing protection of crop investments in 1950. There is wheat crop insurance in 284 counties, cotton in 80, corn in 73, flax in 58, multiple crop in 55, tobacco in 52, dry edible beans in 18, and citrus fruit in two selected areas in two Florida counties.

The multiple crop insurance plan is a new development. It offers the farmer protection of his investment in several crops under one policy. The diversification of risk that results from including several crops in one insured coverage for the farm makes this protection comparatively lower in cost than investment protection on a single commodity. In diversified areas it also offers the farmer insurance on all or a major portion of his crop investments.

The premium income of the Federal Crop Insurance Corporation in 1950 is estimated at 22 million dollars -- derived from about 310,000 policies covering about 400,000 farms. The estimated maximum liability of these policies is 275 million dollars. The number of Federal Crop Insurance policies protecting 1950 crop investments is nearly double the 165,000 in 1949.

Starting with 1950 and continuing through 1953, Congress authorized the Federal Crop Insurance Corporation to add to its operations each year 100 new wheat counties, 28 cotton counties, 25 flax counties, 25 corn counties, 17 tobacco counties, and 10 dry edible bean counties. It may also increase the multiple crop insurance plan to 100 counties in 1951 and add 25 more counties in 1952 and again in 1953.

The following tabulation shows the number of county programs operating in each State in 1950:

NUMBER OF COUNTY CROP INSURANCE PROGRAMS  
OPERATING IN 1950 IN EACH STATE

	<u>Multiple</u>	<u>Wheat</u>	<u>Cotton</u>	<u>Corn</u>	<u>Tobacco</u>	<u>Flax</u>	<u>Beans</u>	<u>TOTAL</u>
Alabama	1		9					10
Arizona			1				1	2
Arkansas	1		8					9
California		5						5
Colorado	2	9					2	13
Connecticut					1			1
Delaware								
Florida					2			4
Georgia	3		6		5			14
Idaho		7					2	9
Illinois	4	11		10				25
Indiana	2	12		6				20
Iowa	2			16		1		19
Kansas	6	40		3				49
Kentucky					10			10
Louisiana	2		7					9
Maryland	1	2		1				4
Massachusetts					1			1
Michigan	3	8		2			4	17
Minnesota	8	13		8		34		63
Mississippi	1		13					14
Missouri		13		6				19
Montana		18						18
Nebraska	1	17		4			1	23
New Jersey								
New Mexico		2	2				1	5
New York		2					4	6
North Carolina	1		4		12			17
North Dakota	3	36		1		17		57
Ohio	1	15		6	1			23
Oklahoma		13	2					15
Oregon	1	8						9
Pennsylvania	1	5		3	1			10
South Carolina	1		6		3			10
South Dakota	3	19		2		6		30
Tennessee	1		3		7			11
Texas	1	14	19					34
Utah	1	2						3
Virginia	1				7			8
Washington		10						10
West Virginia								
Wisconsin	2			5	2			9
Wyoming	1	3					3	7
TOTAL	55	284	80	73	52	58	18	622

1/ Includes two county programs for citrus fruit.



## Rural Electrification

Electric power on farms played a significant part in the record production of the Nation. In 1935, when the Rural Electrification Administration was established, only about one farm in eleven (10.5 percent) had central station electric service. Now about 85 percent of all farms are served. REA loans, bearing two percent interest, are made on a self-liquidating basis and are amortized over a maximum period of 35 years. REA borrowers are repaying their loans on schedule. As of March 31, 1950, less than 6/100 of one percent of all loans were overdue more than 30 days, and more than \$21,882,990 had been paid on principal in advance of due dates.

Of the farms added to power lines since 1935, about six out of ten get power from REA-financed lines. The majority of other electrified farms receive service as an indirect result of the REA program. The stimulus of REA has led to a sizable expansion of privately-financed lines into rural areas. Last year well over three-fourths of all farms electrified for the first time were connected by REA borrowers.

Up to March 31, 1950, loans approved by REA had been used to construct 984,466 miles of lines and other facilities to carry electricity to 3,140,020 farms and other rural consumers, including thousands of nonfarm users, schools, churches, service establishments, and small rural industries. REA has approved over two billion dollars in loans to more than 1,000 separate borrowers. REA borrowers now serve more than three million consumers, and some 12 million people use electricity from REA-financed facilities. Most of the borrowers are farmer-owned cooperatives.

## Rural Telephone Loan Program

A half million more American farms had telephone service in 1920 than have it today. USDA estimates that about 40 percent of farms have service, but that service is unsatisfactory in about half of these cases.

In October 1949 an amendment to the rural electrification law was passed giving REA authority to make loans for the improvement and expansion of rural telephone service. For the balance of the 1950 fiscal year, 25 million dollars in loan funds was made available.

As of May 12, 1950, there were six active loans totaling \$685,000 and proposing new or improved service to approximately 6,000 rural subscribers. At that time REA had received 400 applications for rural telephone loans.

## Research

The Agricultural Research Administration, in addition to the Administrator's Office and the Office of Experiment Stations, includes the Bureaus of Plant Industry, Soils, and Agricultural Engineering; Entomology and Plant Quarantine; Human Nutrition and Home Economics; Dairy Industry; Animal Industry; and Agricultural and Industrial Chemistry.

ARA carries on research, control, and regulatory activities at many places throughout the United States. Agriculture has benefited greatly from such research.

Control of livestock diseases: Such animal diseases as hog cholera, cattle tick fever, and bovine tuberculosis have been virtually wiped out in the United States. Through the tuberculosis eradication program, about 9 million cattle were tuberculin-tested in fiscal 1949. Less than two head per 1,000 showed infection, compared with five head per 1,000 for cattle tested in 1940.

To combat bovine brucellosis, which causes losses of more than 100 million dollars annually, the Department, in cooperation with the States, conducts a control and eradication program under which more than  $5\frac{1}{2}$  million cattle were tested during fiscal 1949. Four percent showed signs of infection. Only 66,000 of these infected cattle were held even temporarily in herds. More than  $1\frac{1}{2}$  million calves were vaccinated to increase resistance to brucellosis.

Livestock presented for import to this country are inspected at coast and border ports as well as at some airports of entry farther inland to protect against foreign diseases. Inspections and diagnostic tests within the U. S. help prevent foot and mouth disease. Although there has been no active infection of this disease in the U. S. since 1929, the Department is engaged in a joint eradication program to wipe out the disease in Mexico, with a view to removing danger from that area.

Livestock are also protected by the Department's virus serum control service which regulates manufacture of biologicals used against animal diseases.

Meat inspection: Consumers are protected by the Federal meat inspection service, under which the slaughter of food animals and preparation of carcasses and meat products in all establishments engaging in interstate commerce is supervised. About four-fifths of all meat animals slaughtered commercially are slaughtered under this supervision. Imported meats are also inspected.

On the production side, cross-breeding experiments with cattle and poultry are showing the way to more efficient production of dairy and poultry products. The Department cooperates with the extension service in every State in promoting better dairying through local dairy-herd-improvement associations. The Department receives and tabulates production, cost and income records which are used to locate outstanding dairy sires for artificial breeding programs and other production uses.

Protection against insects and plant diseases: All U. S. agriculture is protected against importation of foreign insect pests and plant diseases through quarantine activities. At every major seaport and all airports receiving aircraft from abroad, inspectors from the Department are on 24-hour service.

Much effort is directed toward preventing the spread of such insect pests and plant diseases as the white-fringed beetle, sweetpotato weevil, Japanese beetle, golden nematode, and phony peach and peach mosaic diseases which now occur only in limited areas. In cooperation with State agencies, the Department endeavors to control emergency outbreaks of pests and diseases, and it enforces numerous domestic plant quarantines by transit inspection of regulated materials, in cooperation with State officials, postal authorities, and common carriers.

New methods by which farmers can protect their crops against grasshoppers have been developed by Department entomologists. The new methods also make



possible the planning of operations to prevent mass migration of grasshoppers from huge western breeding areas into far-distant agricultural areas -- a cause of great agricultural disasters in past years.

Since the introduction of DDT, a number of effective new insecticides have been made available. The Department has made recommendations for the special uses of these compounds.

A simple test for detecting the extent of weevil infestation in stored grain was devised in 1948. Samples of grain soaked in a special red dye and then washed show red dots where weevils have laid eggs.

Research increases efficiency: The use of radioactive isotopes in research with plants is producing results that will lead to more efficient and economical use of fertilizer.

New varieties of crop plants, superior in yield or resistance to disease, are released to farmers every year; for example, Acala 4-42 cotton (grown almost exclusively in California), Clinton oats, Lincoln soybeans, Climax lespedeza, Pawnee wheat, Velvon barley, Rexoro rice, Sooner milo (sorghum), Dakota flax, Ranger alfalfa, and Dixie Crimson clover.

Research widens markets: Results of research to find new uses and better markets for farm products include the method by which the production of penicillin was stepped up to make its healing powers available to everyone at a reasonable price; the discovery of the benefits of rutin in high blood pressure and of buckwheat plants as an economical source of the drug; new textile fibers from proteins of corn, milk (casein), peanuts, and chicken feathers; improved freezing, dehydrating, and canning processes for foods; motor fuels from farm wastes; and other developments, many of which have already been adopted by industry and are in commercial production. Such research has the dual purpose of providing wider outlets and uses for agricultural products and new sources of raw materials for industry.

Research has been done on patterns of food consumption, on the nutritive value of food, on home methods of preparation and preservation, and on the standardization of clothing and household goods.

Physical and economic research in the Department of Agriculture has been increased under the provisions of the Research and Marketing Act of 1946 "to assure agriculture a position in research equal to that of industry." A few of the outstanding projects now underway are: Importation of foreign plants of potential value to American agriculture; improvement of wholesale market facilities and the retailing of fruits and vegetables; study of consumers' preferences for farm products; research on improved and more efficient methods of packaging, on new and wider uses for farm products, on minimizing crop losses from weeds, on diseases and insects; and on improving market news and other market information.

#### Food Distribution and Surplus Disposal Programs

The Department of Agriculture has contended for years with the problem of usefully distributing surpluses of farm commodities without thereby placing additional downward pressure on the prices of these commodities.

The problem is attacked in two general ways: First, by steps to increase consumption of these commodities through normal commercial channels; and, second, by various direct distribution and exchange programs.

The Plentiful Foods Program enlists the support of the food industry in stimulating greater consumption of specific foods. Lists of such foods, usually containing from 15 to 20 items, are prepared monthly and are used by cooperating groups as a guide in the development of food-information and food-merchandising activities. Commercial sales of such foods as apples, peaches, pears, eggs, broilers, pork products, and a number of other products have been stimulated for limited periods.

Special efforts are also made to encourage exports, through subsidies, and to divert overplentiful commodities to other than normal uses.

The Commodity Credit Corporation tries in these ways to promote consumption of surplus foods so that direct price support operations will be at a minimum.

Often, however, the CCC is forced to acquire commodities. When feasible, it endeavors to sell these commodities through normal channels or negotiated sales. Under a new program begun in January 1950, price and quantity lists of commodities available for domestic and export sale are announced monthly.

The CCC is also authorized to exchange agricultural commodities for strategic and critical materials produced abroad.

To prevent spoilage, appropriate commodities are also distributed in large volume through direct distribution programs. From 1936 to 1949, nearly 12 billion pounds of surplus commodities were thus distributed. Under the Agricultural Act of 1949, CCC is authorized to donate certain commodities, on a priority basis, to school lunch programs, the Bureau of Indian Affairs, public and private domestic welfare agencies, and private welfare agencies for the relief of needy persons abroad. Irish potatoes, dried eggs, dried milk, cheese, and butter have been made available for distribution through all of these agencies.

#### School Lunch Program

During the 1949-50 school year, the National School Lunch Program helped to provide warm, nourishing noontime meals to 6,000,000 children, and milk only to 2 million more, in some 53,000 schools throughout the country. This was about 29 percent of our total school population.

Overall direction of the program is vested in the Department of Agriculture. State departments of education have financial and administrative responsibility and authority for the program within the individual States.

Federal funds appropriated for the operation of the school lunch program totaled \$83,500,000 during the past year. Funds contributed by sources within the States are estimated in excess of \$225,000,000.

The school lunch program operated on a year-to-year basis from 1935 until 1946, when Congress placed it on a permanent basis with the passage of the National School Lunch Act.





